

**LEMON GROVE CITY COUNCIL  
AGENDA ITEM SUMMARY**

Item No. 4  
Mtg. Date July 15, 2014  
Dept. City Manager's Office

Item Title: City Council Salary

Staff Contact: Graham Mitchell, City Manager

**Recommendation:**

Introduce and conduct the first reading, by title only, of Ordinance No. 423 (**Attachment B**), establishing City Council salaries after the 2014 municipal election and a resolution (**Attachment C**) adjusting the automobile reimbursement allowance.

**Item Summary:**

The City Council has not considered a City Council salary adjustment since October 2007. The purpose of this staff report is to recommend adjustments to the City Council salary and car allowance rates. Staff has prepared a report (**Attachment A**) that provides background information and an analysis of the proposed rate adjustments. Staff has also prepared an ordinance (**Attachment B**) adjusting the City Council salary that would take effect after the 2014 municipal election and a resolution (**Attachment C**) adjusting the City Council car allowance.

**Fiscal Impact:**

Adoption of the resolution would increase expenditures in the Fiscal Year 2014-2015 by \$4,192.50—a \$1,467.37 increase to the General Fund budget.

**Environmental Review:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration           |
| <input type="checkbox"/> Categorical Exemption, Section   | <input type="checkbox"/> Mitigated Negative Declaration |

**Public Information:**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> None                     | <input type="checkbox"/> Newsletter article   | <input type="checkbox"/> Notice to property owners within 300 ft. |
| <input type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Neighborhood meeting |   |

**Attachments:**

- A. Staff Report
- B. Ordinance No. 423
- C. Resolution



# Attachment A

## LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 4

Mtg. Date July 15, 2014

Item Title: City Council Salary

Staff Contact: Graham Mitchell, City Manager

### Discussion:

At its December 17, 2013 meeting, the City Council received a report that recommended an adjustment to the City Council's salary and auto allowance. The December 17<sup>th</sup> staff report presented a recommendation based on a review of the City Council's historic compensation rates and the consumer price index since the last salary adjustment in 2008—six years ago. Since the December 17<sup>th</sup> presentation, the City Council has deferred this item on several occasions with direction to return at later dates. The City Council most recently discussed this item during its May 20, 2014 budget discussion. At that time, the City Council directed staff to include a 3 percent COLA for miscellaneous employees in the FY 2014-15 budget. Also, staff was directed to bring the item back after the budget was adopted, which occurred on June 3<sup>rd</sup>.

The purpose of this staff report is to recommend adjustments to the City Council salary and car allowance rates. The staff report provides background information and an analysis of the proposed rate adjustments. Staff has prepared an ordinance (**Attachment B**) adjusting the City Council salary and a resolution (**Attachment C**) adjusting the City Council car allowance.

### Background

The salary for the members of the City Council is determined by Municipal Code Section 2.16.010. The rate of compensation was last modified by Ordinance No. 365 (adopted on October 16, 2007 and effective on December 17, 2008). Also, per Municipal Code Section 2.16.030, the Mayor “. . . shall be paid, in addition to the compensation paid as a member of the city council, seventy-five percent of said council compensation.” The City Council and Mayor are also eligible to receive a car allowance. An allowance of \$100 was initiated by resolution in 1985 and was later increased to \$150 on July 1, 2006 (Resolution No. 2636).

Pursuant to Government Code Section 36516, a City Council may increase its salary by a maximum of five percent per year from the operative date of the last adjustment. The Government Code also specifies that when the rate of compensation is determined by ordinance, the new rate becomes effective following the subsequent election cycle. Because the City is a general law city, it is required to adopt City Council salaries through ordinance.

The following table shows a history of the compensation increases since the City's incorporation:

Year	City Council	Mayor
1977	\$150	\$150
1986	\$300	\$300
1990	\$360	\$360
2000	\$504	\$882
2008	\$705	\$1,234

# Attachment A

## Analysis

Currently, members of the City Council receive monthly salaries of \$705 and are eligible to receive a \$150 monthly car allowance. The Mayor's monthly salary is set at \$1,234 and is eligible to receive the \$150 monthly car allowance. Prior to the dissolution of the redevelopment agency, members of the City Council received a \$30 stipend per Community Development Agency meeting.

In determining a recommended revised salary for members of the City Council, staff compared two calculation methods. First, staff applied a Consumer Price Index (CPI) formula to the 2008 base salary and the 2006 car allowance. Second, staff relied on the maximum allowed rate under Government Code 36516.

### *Consumer Price Index Method*

Since 2008, using Bureau of Labor Statistics data, the CPI has increased by 7.43—an average of approximately 1.5 percent annually. Applying the average annual increase in CPI between 2008 and 2013 and assuming another 1.5 percent increase between 2013 and 2014, the \$705 monthly salary would increase to \$768.74. Applying a CPI between 2006 and 2014, the car allowance would increase from \$150 to \$173.75. The adjusted monthly salary, plus the increase in car allowance, would equal \$942.49.

### *Government Code 36516*

Staff also applied the maximum allowed increases as specified in Government Code 36516. The Code allows for a 5 percent increase of the base salary each year. Under this scenario, from 2008 through 2014, the City Council salary could be \$944.76. This code section does not consider car allowances. Relying on a CPI adjustment since 2006 to determine an adjusted car allowance rate of \$173.75, the total salary and car allowance under this method would equal \$1,118.51.

### *Summary*

The following table identifies the monthly compensation (salary and car allowance) based on the two methods described above, plus the current monthly rate (rounded to whole numbers):

	<b>City Council</b>	<b>Mayor</b>
Current	\$855	\$1,384
Consumer Price Index	\$942	\$1,519
Government Code	\$1,119	\$1,827

On an annual basis, the total cost to the City for each option is summarized below:

	<b>Annual Cost</b>	<b>Increase Over Current</b>
Current	\$57,645	—
Consumer Price Index	\$63,468	\$5,823
Government Code	\$75,614	\$17,969

### *Recommendation*

Staff recommends that the City Council consider a salary adjustment based on the CPI rate of increase—a \$775 monthly salary plus a \$175 monthly car allowance. This results in an annual cost of \$63,975—an annual increase of \$6,330 over the current rates. Because the salary adjustment would be approved by ordinance, the increase would not become effective until after

## Attachment A

the 2014 municipal election is certified (December 2014). The car allowance, because it is approved by resolution, would become effective in August 2014. In FY 2014-15, the net increase to the budget would be \$4,192.50—\$1,467.37 of the increase would impact the General Fund.

### **Conclusion:**

Staff recommends that the City Council introduce Ordinance No. 423 (**Attachment B**), an ordinance establishing City Council salaries, and conduct its first reading, by title only. Staff also recommends that the City Council consider adopting a resolution (**Attachment C**) establishing an adjusted car allowance rate.



## Attachment B

### ORDINANCE NO. 423

#### ORDINANCE OF THE LEMON GROVE CITY COUNCIL AMENDING LEMON GROVE MUNICIPAL CODE SECTION 2.16.010 ESTABLISHING CITY COUNCIL SALARIES

---

**WHEREAS**, California Government Code 36516 regulates the process by which a city council may increase its salary; and

**WHEREAS**, effective October 16, 2007, Ordinance No. 365 established the rate of salary for the City Council and Mayor; and

**WHEREAS**, after review and discussion, the City Council has determined it appropriate to adjust salary ranges within the rate of increase as prescribed by California Government Code 36516; and

**WHEREAS**, pursuant to California Government Code 36516.5, the adjusted salary rate will not become effective until the seating of the City Council after the certification of the 2014 Lemon Grove municipal election.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Lemon Grove that Section 2.16.010 of the Lemon Grove Municipal Code is hereby amended as follows:

2.16.010 Established.

A. Salaries for members of the city council are established pursuant to the provisions of the Government Code in the sum of seven hundred eighty dollars (\$775.00) per month.

B. Effective Date. Payment of compensation at said established level shall commence upon certification of the results of the Lemon Grove municipal election in the year 2014.

/////  
/////

## **Attachment B**



# Attachment C

## RESOLUTION NO. 2014-\_\_\_\_

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA ESTABLISHING THE RATE OF AUTOMOBILE ALLOWANCE POLICY FOR CITY COUNCIL MEMBERS

---

**WHEREAS**, in 2006, the City Council, by way of Resolution No. 2636, established an Automobile Reimbursement Allowance Policy; and

**WHEREAS**, Resolution No. 2636, established an Automobile Reimbursement Allowance rate of one hundred fifty dollars (\$150.00) per month to pay for the use of personal vehicles for short trips, defined as twenty (20) miles or less; and

**WHEREAS**, the cost of operating an automobile has increased since 2006; and

**WHEREAS**, the City Council wishes to establish an equitable Automobile Reimbursement Allowance for short vehicle trips; and

**WHEREAS**, the City Council, by applying a Consumer Price Index rate since 2006, deems that an adjusted rate of one hundred seventy-five dollars (\$175.00) per month is equitable.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Lemon Grove, California hereby directs that the Automobile Reimbursement Allowance be established at one hundred seventy-five dollars (\$175.00) per month, effective August 1, 2014.

/////

/////

